
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

School Property Tax Control Board Meeting Minutes August 21, 2008

Call to Order: The monthly meeting of the School Property Tax Control Board was held on Thursday, August 21, 2008 via conference call, with prior comments made by the Board and Taylor Community School Corporation through email correspondence. Those in attendance for the conference call were Richard Besinger, Denise Seger, Roger Umbaugh, Morris Mills, Paul Joyce, Chuck McLean (Administrative Officer), Micah Vincent (Legal Clerk), and Linette Pedigo (Administrative Secretary).

Minutes and Discussion: There were no minutes available for discussion.

Taylor Community School Corporation, Howard County: The school is requesting approval of its CY2009 Budget. The CY2009 budget estimate is \$15,190,760 for all school funds.

Present for the hearing: Deborah Barton, Treasurer/Business Manager; and John Magers, Superintendent.

Comments Made By Email Prior to Hearing: Ms. Deborah Barton began and said that the Taylor School Board, Superintendent John Magers, and she are requesting, as per the requirements for State Control, that the School Property Tax Control Board approve the Taylor Community School Corporation CY2009 Budget. The Taylor School Board approved the budget for advertisement on August 6, 2008. The budget will be advertised after the approval of the SPTCB. The public hearing on the budget will be held on September 10, 2008 and the budget will be adopted on September 24, 2008. The Capital Projects Plan for 2009, 2010, and 2011 budget years will be advertised at a higher amount than they anticipate receiving to be sure they receive the maximum rate allowed. She said their CY2008 CPF was advertised at \$1,897,000, but they only received \$1,410,000 because their assessed value decreased from 2007. Due to this decrease, several projects were moved from CY2008 to CY2009. In the CY2009 CPF Plan, they included projects they hope to be able to do in 2009, but are fully aware that some of them will need to be cut because of a shortage of funding. CY2009 includes \$250,000 for future projects to improve their intermediate school, which they are sure will be cut out when the final budget is approved.

Mr. McLean said that many of the Board members are more familiar with the challenges the Taylor Community School Corporation has faced than he is. Due to those challenges, the unit must have its budget approved by this Board. In regards to the school's budget, he said that he has concluded that the information, as it is displayed, is exactly how the General Assembly wants it done, so he is not sure if his observations have any relevance. He said he has spoken with Ms. Barton and helped her to fully understand the authority of the SPTCB in reviewing the budget. With the Chairman's consent, Mr. McLean asked for a resolution and an email vote to be held by noon on August 21, 2008.

Mr. Mills, Chairman for the Board, said he would be comfortable with this process if the staff (from the DLGF) has reviewed the budget and found it to be within the statutory guidelines. He suggested that a conference call meeting be used so that there could be an opportunity for questions and dialogue among the SPTCB members.

Mr. McLean said he and Ms. Pedigo will set up a conference call for Thursday, August 21 for discussion and a vote on Taylor Schools. He suggested that a representative from the school corporation be on the line in case of any last minute questions.

Ms. Hineline then stated that she has reviewed the budget for Taylor and does not see any item that would raise concern. She said it would be nice to have information on the status of teacher contracts that were the cause of most of the financial problems. Ms. Barton said the last teacher contract that was negotiated was a two-year contract for 2007-2008 and 2008-2009, and they had presented that contract to the SPTCB in 2007. They have not started negotiations for the 2009-2010 contract, though in October they are going to begin discussions with the TEA on the class size provisions in the contract in an effort to further reduce costs.

Dr. Seger said that after reviewing their budget information, she would like to request some additional documents; the Debt Service Worksheet for the Debt Retirement, the Pension Debt Worksheet, and the Bus Replacement Form 4B. Ms. Barton forwarded the requested forms, and said the \$560,000 operating balance in the Bus Replacement will be used for tax neutrality of their Pension Debt Fund. Dr. Seger said she is good with everything.

Mr. Joyce said he agrees that not a lot jumps out. He said it would be interesting to see if they have at least no more than a modest increase from prior years; he would like to see comparisons. He added that it would be interesting to question what the \$439,750 is in the Superintendent's portion and the \$288,800 for equipment. Ms. Barton replied that the 2007-2008 contract included no increase of salaries and benefits for the 2007-2008 school year and a 1% increase for the 2008-2009 school year. 2008-2009 also includes a \$1,000 increase on the salary scale for teachers who are on the high end of the salary scale and no longer receive step-ups. In the 2008-2009 contract, the School Board contribution for health insurance was increased to \$80 for single coverage and \$474 for family coverage. Any teacher who does not take the health insurance will receive a \$250 VEBA contribution. In exchange for all of this, the teachers agreed to change the high school schedule from an 8-block schedule to a seven period day that is the same as the middle school schedule. This way the schools could share teachers, thus saving the school corporation money. Ms. Barton continued and said the \$439,750 in the Office of the Superintendent includes the salaries and benefits for the Superintendent, the Treasurer, Deputy

Treasurer, Secretary, and Accounts Payable Clerk. It also includes professional development for the above and office supplies. Workman's Compensation insurance and Unemployment Compensation for the entire corporation are also included. She then said that the \$288,800 for equipment is instructional equipment, furniture, custodial equipment, security cameras, and technology equipment for the entire corporation. Mr. Joyce said he would like to see it broken down, line by line for those funds, and Ms. Barton complied.

Mr. Besinger commented next that he would like to see a further breakdown of the expenditures in the following areas of the Capital Project Fund: Maintenance of Equipment; Sport Facility; Technology Instruction; Building Acquisition and Construction; and Rent of Buildings, Facilities and Equipment. Ms. Barton sent the school's detailed Capital Projects Plan.

Comments Made at Hearing (Conference Call): Mr. Mills began the conference call by asking Mr. McLean to define the responsibilities of the SPTCB for controlled school corporations, to explain what that means for the local School Board, and if this school corporation has met the requirements in their budget proposal. Mr. McLean first gave some background information on the school and how it received an excessive levy of \$425,000, payable in two yearly installments, for Emergency Financial Relief on December 11, 2006. By acceptance of this relief, the school corporation became a controlled school. In order for this school corporation to get its tax rate and levy published and to go through the budget process, the SPTCB must approve its budget because the tax rates are contingent upon the budget. He said the SPTCB's responsibility is to look at what the school corporation is doing and to make sure they are maintaining their core mission of education, and beyond that, their authority only resides in their ability to control the levy they are asking for. Mr. McLean said that last year, the assessed value of this school system was \$391 million and they had a total tax rate of 1.9779. This year their AV has gone down to \$380 million and their total tax rate will be 1.9475. He said their total levy has gone down a bit, and they are taking a large hit to their general fund because the financial relief that was granted to them in 2007 and 2008 is going away. The school corporation has thus proposed a budget to work within those parameters.

Mr. Mills asked why they posted their estimated revenues at \$9.754 million on one form, and then posted their proposed budget at \$10 million on another form. He asked how those numbers come together. Ms. Barton said she believes the difference is their cash balance that they had at the end of the year. Mr. McLean commented that it is not unusual for a school corporation, since they are on different paying years, to have a large cash balance at the end of a calendar year. Ms. Barton said they had a \$554,000 cash balance at the end of 2007 because they have made a lot of cuts so they can live within their means. She added that the cash balance amount is more than their excessive levy.

Mr. Mills then asked what effects the Circuit Breaker is going to have on their Capital Projects Fund; some earlier figures suggested an effect of about \$70,000 this year and even more next year. Ms. Barton said she has only seen projections and does not know for sure. Mr. Mills asked if the fund is affected, what would happen. Ms. Barton said they would just have to cut out some of their projects.

Mr. Besinger asked next what their balance will be from their 2008 budget. Ms. Barton said she expects to have over a \$1 million cash balance. Mr. Besinger then commented that the school corporation and its board should be commended for turning their situation around as much as they have. He said he remembers when they first came in and how poor their financial situation was.

Next, Mr. Besinger said he would like for them in the future to work more with the utilities and the technology salaries they take out of their Capital Projects Fund; he would like to see those moved over to their General Fund within the next few years.

Mr. Joyce asked what they see in their future because their enrollment is going down. Mr. John Magers, Superintendent, said they have set some new goals and he anticipates they will be financially healthy. He said he is looking to improve their student performance, as they have identified some areas that need attention.

Mr. McLean then added a point of order; Mr. Joyce will have to abstain from the vote for this matter. As a representative of the State Board of Accounts, he is responsible for overseeing the expenditures and budgets for this school, so it is inappropriate for him to vote. He also stated that, before a motion is made, the authority of this Board rests in the levy, so the motion would have to be in the form of a levy. Dr. Seger wanted to confirm it should be a levy and not a tax rate. Mr. McLean apologized and said the motion should be for a tax rate of 1.9475. Ms. Barton said the 1.9475 is the 2008 tax rate. Mr. Mills agreed and said the 2009 rate will be missing the General Fund rate. Dr. Seger asked if they are supposed to be approving the budget so the school corporation can move forward with the advertising and adoption process. She said the DLGF will give them the authority to spend the appropriations based on whatever revenues are available when their assessed valuation is known. She asked if they know their 2009 AV. Mr. McLean said not yet. Dr. Seger said there is no way for them to know their tax rate or their levy right now. Mr. McLean said he agrees. He said the motion should be to approve the budget as submitted to the SPTCB, and the Board agreed.

Motion: Mr. Mills motioned to recommend approval of the Taylor Community School Corporation's budget as submitted. Dr. Seger seconded and the motion passed by a vote of 4-0-1, with Mr. Joyce abstaining.